

In an increasingly globalised world community, the issue of protection, and protectionist policies, and their impact on both domestic and global economies alike, is highly significant.

Protectionist policies are varied in their approaches and their role. For example protectionist policies include tariffs, quotas, subsidies, with various aims such as protecting of infant industries, prevention of "dumping", allowing the growth of domestic industries. It is important to note in the issues surrounding protectionist policies, that there are both positive and negative impacts on domestic and global economies.

Within the domestic economy, the impacts of protectionist policies imposed upon the economy can have dire consequences. In a relatively small economy such as Australia, trade is central to the nation's economic activity. Although the nation only produces 2% of the total global ~~to~~ economic output, trade represents half of the nation's annual economic activity. Thus, in a situation such as this, protectionist policies imposed onto the domestic economy entail dire consequences.

For example, historically, especially prior to 1971, Australia's trade in both exports and imports, ~~has~~ was ~~to~~ significantly directed to the United

States and the United Kingdom, of which these two nations comprised the ~~major~~ majority of Australia's export composition in particular. However, with the onset of protectionist policies in these regions, Australia's export composition has ~~shifted~~ ^{imposed} been forced to shift. Namely, the ^{imposed} shift of Australia's export direction, has been a result of the formation of one of the world's most significant trading blocs, the European Union (EU) formerly the EEC. This trading bloc has significant and directly impacted on upon Australia's domestic economy over recent decades, forcing the economic trade direction to shift as a result of significant barriers to entry.

However, although the imposition of protectionist policies of the EU forced Australia's domestic economy to re-direct trade competition in order to prevent negative economic impacts at the loss of export revenue, such formations have had hidden benefits for Australia's domestic economy. While the EU forced Australia to re-direct trade, ~~they~~ it also forced Australia to re-assess future areas of trade growth. Such assessments led Australia to target its exporting industry to the Asia-Pacific region, where growth levels of newly industrialised countries such as Singapore, have enabled Australia to experience significant growth in exports to such regions, where

protectionist policies have not hindered Australia's domestic economy.

In addition, the acknowledging of the benefits of ^{re-direction} of trade in nations such as Australia, has led to the formation of similar trading blocs to the EU, such as ASEAN, which have thus experienced the benefits of trading bloc formation.

~~On a global scale~~ On a global ~~scale~~ scale, as on a domestic scale, the impacts of protectionist policies have both positive and negative associations.

The hindrance to achieving global free trade is one such negative impact. In a globalised worldwide

Community, the benefits of increasing levels of free trade have been hindered because of protectionist policies worldwide. For smaller economies such as Australia, the benefits of free trade are significant, allowing the economy to successfully compete internationally against advanced powerful trading nations such as the United States and European regions. This is especially significant to developing, newly industrialised and transition economies where trade is essential to national growth and economic development via increased economic activity. Thus the impact of protectionist policies on a significant portion of the global community and their economies curtails dire consequences.

in their ability to grow as a nation through trade opportunities.

However, protectionist policies can have positive impacts on global economies. Although, as discussed, the benefits of free trade can aid small, newly industrialised and transition countries to compete on world trade markets, it can also bring harmful consequences. For example, the issue of dumping is highly significant. This process involves a nation "dumping" excess product into another perhaps more vulnerable, nation, at a reduced cost, wiping out the domestic industry who is unable to compete at the reduced cost. Once the domestic industry is eliminated,

the foreign product increases price levels, ~~and prevents~~ and does so because of eliminated ~~to~~ domestic competition. In a nation such as Australia this practice ~~is~~ has not only been experienced, yet the results have brought disastrous effects, to infant industries in particular. Today, in Sydney, November 13, protesters rallied to express the dire consequences of dumping on Australian industries, and global economies. Such concerns centre around the inability of such economies to re-establish the industry effected once it has been destroyed.

The impact of protectionist policies ~~as do~~ such as tariffs, quotas, trading bloc formation and

"dumping," has significant impacts on domestic and global economies alike. In an increasingly globalised world community, it is essential for economists on national and international levels, to evaluate the positive and negative associations of protectionist policies on economies, and the impact they have on the nation's economic well-being, in particular, the "health" of trade globally.